

Good morning, my name is Marie Lenane, and I am a Pricing Analyst at the Executive Office of Health and Human Services. I am here to present staff testimony on the proposed amendments to 101 CMR 428.00: Rates for Certain Independent Living Communities and Services that the amendments will update the rates for Certain Independent Living Communities and Services to be purchased by the Massachusetts Rehabilitation Commission (MRC) as Vocational Rehabilitation Independent Living Services, by the Department of Mental Health (DMH) as Recovery Learning Communities, and by the Massachusetts Commission for the Deaf and Hard of Hearing (MCDHH) as Independent Living Services. The effective date of the proposed amendments is July 1, 2023.

Massachusetts General Laws Chapter 118E, Section 13D, requires the Secretary of the Executive Office of Health and Human Services to establish by regulation rates of payment for social services that are reasonable and adequate to meet the costs incurred by efficient and economically operated social service providers.

The rates for all the independent living communities and services are being updated to include an increase by a cost adjustment factor (CAF) of 2.78%, effective July 1, 2023. The CAF was determined by using baseline and prospective Massachusetts Economic Indicator data from IHS Economics – Fall 2022 Forecast, optimistic scenario data. The CAF reflects the period between the rates' base period (calendar year 2023 Q2) and the prospective period of fiscal years 2024 and 2025. In addition to the FY24 CAF, the rates for all services have been updated to include all staff salaries. It is the Purchase of Service (Chapter 257) policy to utilize salary data from the most recent version of the Massachusetts Bureau of Labor Statistics Occupational Employment and Wage Statistics (OEWS) available at the time of the rate review. As such, the benchmarks are derived from the Massachusetts Bureau of Labor Statistics (BLS) wages dated May 2021 at the 53<sup>rd</sup> percentile. The programmatic expenses are benchmarked to the FY21 Uniform Financial Statements and Independent Auditor's Report (UFR). The administrative allocation has been benchmarked to 12% and the tax and fringe rate has been benchmarked to 25.39%. This benchmark is derived from the MA Comptroller's FY23 approved rate less terminal leave and retirement. This benchmark includes an additional 2% to be used to promote workforce initiatives such as retirement benefits. Lastly, rate provision language has been incorporated into this regulation to allow for administrative adjustments for extraordinary circumstances, which is consistent with other Chapter 257 rate regulations.

The total annualized cost to state government from the proposed amendments to this regulation is approximately \$676,000, which represents an increase of 8.91% over FY23 projected spending of approximately \$7.5 million.

This concludes my testimony. Thank you.